

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* LIMESTONE TOWNSHIP	County* ALGER	Type* TOWNSHIP	MuniCode* 02-1-040
Opinion Date-Use Calendar* Oct 17, 2008	Audit Submitted-Use Calendar* Nov 13, 2008	Fiscal Year End Month*	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue: ?	\$ 60,809.00
General Fund Expenditure: ?	\$ 63,374.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance: ?	\$ 223,737.00
Governmental Activities Long-Term Debt (see instructions): ?	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* BRUCE	Last Name* DEWAR	Ten Digit License Number* 1101011278		
CPA Street Address* 401 LUDINGTON	City* ESCANABA	State* MI	Zip Code* 49829	Telephone* +1 (906) 786-6151
CPA Firm Name* SCHNEIDER, LARCHE, HAAF	Unit's Street Address*	Unit's City*	Unit's Zip*	

FINANCIAL STATEMENTS

TOWNSHIP OF LIMESTONE

Alger County, Michigan

For the year ended March 31, 2008

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FINANCIAL STATEMENTS

TOWNSHIP OF LIMESTONE

March 31, 2008

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*Schneider, Larche,
Haapala & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

David P. Pechawer, C.P.A., P.C.
Denise M. Boyle, C.P.A., P.C.
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Karen L. Meiers, C.P.A., P.C.



October 17, 2008

Township Board
Township of Limestone
Alger County, Michigan

INDEPENDENT AUDITORS' REPORT

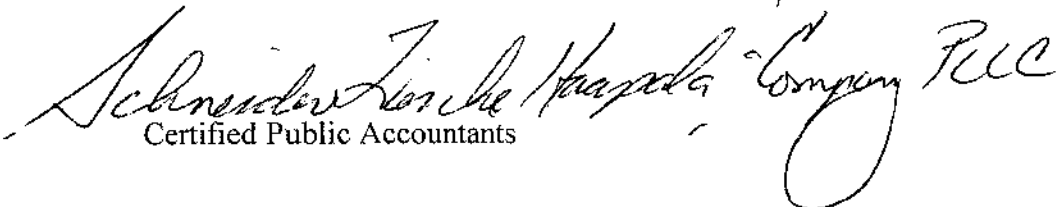
We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Limestone, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Limestone, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 20 through 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The schedules listed as other supplemental information in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Certified Public Accountants

**TOWNSHIP OF LIMESTONE
ALGER COUNTY, MICHIGAN**

MANAGEMENTS DISCUSSION AND ANALYSIS

March 31, 2008

This discussion and analysis of the Township's financial position and activities is presented as of and for the year ended March 31, 2008. The information presented should be read in conjunction with the Township's financial statements that follow.

The discussion and analysis is intended to assist the reader's understanding of the financial statements by highlighting summarized financial data, activities, trends and other related information.

ANNUAL REPORT

The Township annual report consists of three main financial information components as follows:

- Basic financial statements
- Required supplemental information
- Other supplemental information

Basic Financial Statements - The basic financial statements present government - wide financial statements that provide information about the Township's financial condition and activities as a whole. The government - wide financial statements provide data relating to the long-term nature of the Township's operations by reporting all Township assets and liabilities that will provide or require financial resources in the future and the Township's investment in property and equipment.

In addition, the basic financial statements present fund financial statements that provide information about the significant individual funds of the Township. The basic financial statements also include footnote disclosures necessary to provide additional information regarding the basic financial statements and other significant issues regarding the Township's financial position and activity.

Required Supplemental Information - Required supplemental information is not a part of the basic financial statements but is an important part of the annual report. The primary financial information contained herein is budgetary information of the Township's General Fund.

Other Supplemental Information - Other supplemental information provides additional financial information regarding budgetary information not included as required supplemental information.

**TOWNSHIP OF LIMESTONE
ALGER COUNTY, MICHIGAN**

**MANAGEMENTS DISCUSSION AND ANALYSIS (Continued)
March 31, 2008**

FINANCIAL HIGHLIGHTS

Financial highlights discussed below include the following items:

- Government-wide financial information
- Governmental funds financial information
- Other information

Government - wide Financial Information - The net assets of the Township as a whole for the year ended March 31, 2008 decreased by \$2,893 to \$239,101. A comparison of net assets as of March 31, 2007 and 2008 are as follows:

	<u>2007</u>	<u>2008</u>
Cash	\$ 221,756	\$ 219,364
Receivables	<u>9,112</u>	<u>9,400</u>
Total noncapital assets	230,868	228,764
Capital assets, net	<u>11,126</u>	<u>10,337</u>
Total assets	<u>241,994</u>	<u>239,101</u>
Current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Net assets	\$ <u>241,994</u>	\$ <u>239,101</u>
Net assets are classified as follows:		
Invested in capital assets	\$ 11,126	\$ 10,337
Unrestricted net assets	<u>230,868</u>	<u>228,764</u>
	\$ <u>241,994</u>	\$ <u>239,101</u>

**TOWNSHIP OF LIMESTONE
ALGER COUNTY, MICHIGAN**

**MANAGEMENTS DISCUSSION AND ANALYSIS (Continued)
March 31, 2008**

Government - wide Financial Information (Continued)

Significant revenues and expenditures on a government-wide basis are as follows for the years ending March 31, 2007 and 2008:

Revenues:	<u>2007</u>		<u>2008</u>	
Program:		<u>%</u>		<u>%</u>
Charges for services	1,776	3	3,143	5
Other	1,573	3	1,558	2
General:				
Taxes	8,207	14	8,600	14
State revenue	42,517	74	39,016	64
Other	<u>3,607</u>	<u>6</u>	<u>8,953</u>	<u>15</u>
	\$ <u>57,680</u>	<u>100%</u>	\$ <u>61,270</u>	<u>100%</u>

Expenditures:				
General operations	\$ 38,745	72	\$ 40,402	63
Public safety	6,500	12	6,700	11
Public works	2,382	4	7,579	12
Recreation	1,480	3	2,162	3
Other expenditures	<u>4,828</u>	<u>9</u>	<u>7,320</u>	<u>11</u>
	\$ <u>53,935</u>	<u>100%</u>	\$ <u>64,163</u>	<u>100%</u>

Change in Net Assets \$ 3,745 \$ (2,893)

Revenues for the year ended March 31, 2009 are currently projected to approximate revenues recorded for the year ended March 31, 2008.

Expenditures for the year ended March 31, 2009 are expected to remain relatively constant with 2008.

**TOWNSHIP OF LIMESTONE
ALGER COUNTY, MICHIGAN**

**MANAGEMENTS DISCUSSION AND ANALYSIS (Continued)
March 31, 2008**

Governmental Funds Financial Information - As discussed in the basic financial statements, the basis of presentation and the basis of accounting used in preparing the government-wide and governmental funds financial statements are different. Accordingly, the governmental funds information presented below will differ from the government-wide information presented above.

The fund balances of the governmental funds of the Township decreased by \$2,565 to \$223,737 from the March 31, 2007 to March 31, 2008. Cash balances of the governmental funds decreased by \$2,392 to \$219,364 for the same period.

Revenues and expenditure comparisons with the prior year are as follows:

	<u>2007</u>	<u>2008</u>
Total Revenues		
General fund	\$ 53,486	\$ 60,809
Total Expenditures		
General fund	<u>54,221</u>	<u>63,374</u>
Change in fund balances	(\$ <u>735</u>)	(\$ <u>2,565</u>)

Other Information

Capital Outlay - The Township's total investment in property and equipment totaled \$47,433 as of March 31, 2008. No significant capital expenditures are projected for the next fiscal year.

Long-term Debt- The Township has no long-term debt outstanding.

TOWNSHIP OF LIMESTONE
STATEMENT OF NET ASSETS

March 31, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and certificates of deposit	\$ 219,364
Accounts receivable	1,858
Taxes receivable	969
Due from other governments	<u>6,573</u>
TOTAL CURRENT ASSETS	228,764
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	<u>10,337</u>
TOTAL ASSETS	\$ <u>239,101</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable and accrued expenses	\$ <u>-</u>
TOTAL LIABILITIES	<u>-</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	10,337
Unrestricted	<u>228,764</u>
TOTAL NET ASSETS	<u>239,101</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>239,101</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE

STATEMENT OF ACTIVITIES

For the year ended March 31, 2008

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenue Charges for Services and Other</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> <u>Governmental Activities</u>
Governmental Activities:			
Legislative	\$ 8,802	\$ -	(\$ 8,802)
General government	31,600	2,312	(29,288)
Public safety	6,700	250	(6,450)
Public works	7,579	1,558	(6,021)
Recreation and culture	2,162	581	(1,581)
Other	<u>7,320</u>	<u>-</u>	(<u>7,320</u>)
 TOTAL GOVERNMENTAL ACTIVITIES	 \$ <u>64,163</u>	 \$ <u>4,701</u>	 (\$ <u>59,462</u>)
General Revenues:			
Property taxes			\$ 8,600
State sources not restricted			39,016
Interest income			8,154
Other revenue			<u>799</u>
 TOTAL GENERAL REVENUE			 <u>56,569</u>
Change in net assets			(2,893)
Net assets, beginning of year			<u>241,994</u>
Net assets, end of year			\$ <u>239,101</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE
GOVERNMENTAL FUNDS BALANCE SHEET

March 31, 2008

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and certificates of deposit	\$ 219,364
Accounts receivable	1,858
Taxes receivable	969
Due from other governments	<u>6,573</u>
TOTAL ASSETS	\$ <u>228,764</u>
<u>LIABILITIES</u>	
Deferred revenue	\$ <u>5,027</u>
TOTAL LIABILITIES	5,027
<u>FUND BALANCE</u>	
Unreserved	<u>223,737</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>228,764</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

March 31, 2008

Total fund balances per governmental funds balance sheet \$ 223,737

Amounts reported for governmental activities
in the statement of net assets are different because:

Capital assets are not reported in the governmental funds
balance sheet because they are not current financial resources,
but they are reported in the statement of net assets. 10,337

Certain receivables are deferred in the governmental funds
balance sheet because they are not available to pay current period
expenditures, but they are not deferred in the statement of net assets. 5,027

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 239,101

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES**

For the year ended March 31, 2008

	<u>General Fund</u>
Revenues:	
Taxes	\$ 8,764
State sources	40,557
Charges for services	2,029
Interest and rentals	8,154
Other	<u>1,305</u>
TOTAL REVENUES	<u>60,809</u>
Expenditures:	
Legislative	8,802
General government	30,811
Public safety	6,700
Public works	7,579
Recreation and culture	2,162
Other	<u>7,320</u>
TOTAL EXPENDITURES	<u>63,374</u>
Change in Fund Balance	(2,565)
Fund Balance, beginning of year	<u>226,302</u>
Fund Balance, end of year	\$ <u><u>223,737</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES**

For the year ended March 31, 2008

Net change in total fund balances per governmental fund financial statement of revenues, expenditures, and changes in fund balances	(\$ 2,565)
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Amounts reported for governmental activities in the statement of activities is different because:

Capital outlays are reported as expenditures in the governmental funds financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The amount of current year depreciation in excess of current year capital outlays.	(789)
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Revenues that are not available to pay current obligations are not reported in the governmental funds financial statement, but they are presented in the statement of activities.	<u>461</u>
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Change in net assets of governmental activities	(\$ <u><u>2,893</u></u>)
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See accompanying notes to financial statements.

TOWNSHIP OF LIMESTONE

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Limestone have been prepared in accordance with generally accepted accounting principles in the United States of America as applicable to governmental entities. A summary of the significant accounting policies followed in the preparation of the financial statements are presented below.

A) Reporting Entity - The Township of Limestone's financial statements present the Township as the primary government. The Township does not have any component units.

B) Basic Financial Statements - The Township's basic financial statements are comprised of the following four components:

- 1) Government-wide financial statements
 - 2) Governmental funds financial statements
 - 3) Fiduciary funds financial statements
 - 4) Notes to the financial statements
- 1) Government-wide financial statements report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has generally been removed from these statements.

The Statement of Net Assets displays the assets, liabilities and net assets of the Township as a whole. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Program revenues include user fees and grants and contributions restricted for specific operational or capital acquisition purposes. Taxes, unrestricted state grants and other revenues not properly reported as program revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF LIMESTONE

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 2) Governmental funds financial statements report on the individual governmental funds of the Township. Major governmental funds are reported on separately and nonmajor funds are reported on as a group.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenue sources meeting the availability criteria include state shared revenues. Various receivables and grant reimbursements collected after the period of availability would be recorded as deferred revenues.

Expenditures generally are recorded when a liability is incurred. Expenditures not normally paid from currently available resources are recorded when payment is due. Examples of expenditures recorded when due would include debt service expenditures, expenditures relating to compensated absences, and claims and judgements.

The individual governmental funds are each considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The only Township governmental fund is the General Fund. It is the general operating fund of the Township and it is used to account for all financial resources and transactions not properly or legally accounted for in another of the Township's funds.

TOWNSHIP OF LIMESTONE

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 3) Fiduciary fund financial statements are used to report assets held in a trustee or agency capacity for others and are not available to support general Township programs. The fiduciary funds are excluded from the government-wide financial statements. Fiduciary funds use the accrual basis of accounting. The Township's only fiduciary fund is the Current Tax Collection Fund. The fund had no assets or liabilities as of March 31, 2008, and accordingly, the related Statement of Assets and Liabilities has been excluded from the current basic financial statements.
 - 4) Notes to the financial statements provide information to the reader that is considered critical to the reader's understanding of the financial statements and the Township's financial position and activities. The disclosures provide information that generally cannot be determined by a reading of other sections of the financial statements.
- C) Budgets** - The Township prepares and adopts budgets on a cash basis. Unexpended appropriations lapse at the end of the fiscal year. The Township's General Fund expenditure budget is adopted at the activity level. The Township Supervisor is responsible for the preparation and monitoring of the budget. The Township Board is responsible for the approval of the original budget and any subsequent amendments and holds public hearings, as required by state law, prior to the adoption of the original budget appropriation act.
- D) Accounts Receivable** - Property taxes and other accounts receivable are shown net of any allowance for amounts that the Township believes will be uncollectible. Amounts due from other governments represent accounts receivable from federal, state and local governments.
- E) Capital Assets** - Capital assets, which include land, buildings, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Township has elected not to retroactively record the value of infrastructure assets.

TOWNSHIP OF LIMESTONE

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

- | | |
|-----------------------------|------------|
| • Buildings | 50 years |
| • Equipment and furnishings | 8-15 years |

Capital assets are recorded as an asset and depreciated for the government-wide financial statements but are not recorded in the governmental fund financial statements. The acquisition of capital assets are reported as an expenditure in the governmental fund financial statements when acquired.

F) Deferred Revenues - Deferred revenues have met the asset recognition criteria but have not met the revenue recognition criteria. Deferred revenues include resources received but not yet earned and accounts receivable not received within the availability period of 60 days.

G) Property Taxes - The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on the taxable valuation of property as of the preceding December 31. In addition to collecting their own taxes, the Township also acts as collection agent for all over-lapping governments in the Township. The Township's portion of the tax is collected between December 1 and February 28. Delinquent real property taxes are subsequently turned over to the County which maintains a tax revolving fund which permits the County to pay the Township 100% of the delinquent real taxes within approximately two or three months after the delinquency date of February 28.

The Township generally recognizes property taxes as revenue in the year the taxes are levied. Property taxes not meeting the availability criteria are recorded as deferred revenue. For the current year, the Township levied .4454 mills for general operating purposes.

H) Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

TOWNSHIP OF LIMESTONE

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 2 - DEPOSITS AND INVESTMENTS

Michigan compiled laws authorize and limit deposits and investments to federally insured financial institutions with offices in the State of Michigan, direct obligations of the United States, certain obligations of the State of Michigan or its' political subdivisions, specific investment grade short-term commercial paper, bankers acceptances of United States banks and mutual funds investing in authorized investment types.

The Township's investment policy is in compliance with statutory requirements established by the State.

Cash deposits are recorded at cost. Recorded cash balances as of March 31, 2008 were all on deposit in banks or credit unions and consisted of the following:

Noninterest bearing checking accounts	\$ 6,444
Interest bearing accounts	83,878
Interest bearing short-term deposit accounts	<u>129,042</u>
	\$ <u>219,364</u>

Actual bank balances as of March 31, 2008 were \$220,767 and were fully insured.

Deposits and investments are by their nature subject to varying degrees of risk that may limit the Township's ability to (1) maintain the fair value of deposits and investments, (2) insure issuer's compliance with the terms and commitments of deposits and investments and (3) insure the return of principal amounts deposited or invested. The Township has managed these risks by limiting concentrations and maintaining liquidity in their deposits and investments.

TOWNSHIP OF LIMESTONE

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 3 - CAPITAL ASSETS

The following summarizes capital asset activity for the year ended March 31, 2008:

	Balance April 1, <u>2007</u>	<u>Additions</u>	Disposals and <u>Adjustments</u>	Balance March 31, <u>2008</u>
Nondepreciated Capital Assets:				
Land	\$ 3,750	\$ -	\$ -	\$ 3,750
Depreciated Capital Assets:				
General government:				
Buildings and improvements	35,000	-	-	35,000
Equipment and furnishings	<u>8,683</u>	<u>-</u>	<u>-</u>	<u>8,683</u>
Total Cost	47,433	-	-	47,433
Accumulated Depreciation	(<u>36,307</u>)	(<u>789</u>)	<u>-</u>	(<u>37,096</u>)
Net Capital Assets	\$ <u>11,126</u>	(\$ <u>789</u>)	\$ <u>-</u>	\$ <u>10,337</u>

Depreciation expense was charged to the following functions in the Township's Statement of Activities in the government-wide financial statements:

General government	\$ <u>789</u>
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NOTE 4 - DEFERRED REVENUES

As of March 31, 2008, the Township's deferred revenues for the governmental funds financial statements consisted of the following:

Taxes receivable	\$ 969
State revenue sharing receivable	2,200
Other receivables	<u>1,858</u>
	\$ <u>5,027</u>

NOTE 5 - NONCURRENT LIABILITIES

The Township has no noncurrent liabilities.

TOWNSHIP OF LIMESTONE

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 6 - PENSION PLAN

The Township maintains a multi-employer money purchase pension plan which covers substantially all Township employees and requires annual contributions based on 12% of participants wages. Total contributions to the plan, including administrative fees of \$190, were \$2,322 for the year ended March 31, 2008.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Township maintains cash deposits at a local credit union that is managed by the Township's Treasurer. Total deposits of the Township in the credit union as of March 31, 2008 were \$83,658, and were fully insured.

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risk of loss related to torts, theft, accident, errors, omissions, injury and disaster. The Township's principal resource used to manage these risks is through the purchase of commercial property and liability insurance policies.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF LIMESTONE

GENERAL FUND BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the year ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Cash Basis Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 7,300	\$ 7,300	\$ 8,764	\$ 1,464
State sources	37,607	37,607	40,730	3,123
Charges for services	800	800	2,029	1,229
Interest and rentals	2,500	2,500	8,154	5,654
Other	<u>-</u>	<u>-</u>	<u>1,305</u>	<u>1,305</u>
 TOTAL REVENUES	 <u>48,207</u>	 <u>48,207</u>	 <u>60,982</u>	 <u>12,775</u>
 Expenditures:				
Legislative	10,800	12,623	8,802	3,821
General government	42,050	42,805	30,811	11,994
Public safety	8,000	8,000	6,700	1,300
Public works	17,700	17,700	7,579	10,121
Recreation and culture	17,500	17,500	2,162	15,338
Other	<u>9,700</u>	<u>9,700</u>	<u>7,320</u>	<u>2,380</u>
 TOTAL EXPENDITURES	 <u>105,750</u>	 <u>108,328</u>	 <u>63,374</u>	 <u>44,954</u>
 Change in Fund Balance	(57,543)	(60,121)	(2,392)	57,729
Fund Balance, beginning of year	<u>221,756</u>	<u>221,756</u>	<u>221,756</u>	<u>-</u>
 Fund Balance, end of year	 \$ <u>164,213</u>	 \$ <u>161,635</u>	 \$ <u>219,364</u>	 \$ <u>57,729</u>

TOWNSHIP OF LIMESTONE

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

For the year ended March 31, 2008

BUDGETARY INFORMATION

The Township prepares annual budgets on a cash basis. A reconciliation of revenues and expenditures between the modified accrual basis of accounting used in the preparation of the governmental funds financial statements and the cash basis of accounting used for budgetary reporting is as follows:

	<u>General Fund</u>	
	<u>Revenues</u>	<u>Expenditures</u>
Amounts reported on modified accrual basis	\$ 60,809	\$ 63,374
Cash basis adjustments:		
Increase in accounts receivable	(608)	-
Decrease in taxes receivable	164	-
Decrease in due from other governments	156	-
Increase in deferred revenues	<u>461</u>	<u>-</u>
Cash basis amounts	\$ <u>60,982</u>	\$ <u>63,374</u>

OTHER SUPPLEMENTAL INFORMATION

TOWNSHIP OF LIMESTONE

GENERAL FUND REVENUE BUDGETARY COMPARISON
SCHEDULE - CASH BASIS

For the year ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Taxes:				
Current property taxes	\$ 4,300	\$ 4,300	\$ 5,083	\$ 783
Delinquent taxes, penalties and interest	1,000	1,000	1,133	133
Property tax administrative fees	2,000	2,000	2,548	548
State Sources:				
Revenue sharing	25,000	25,000	28,002	3,002
Other state revenues	12,607	12,607	12,728	121
Charges for Services:				
Cemetery lots	-	-	100	100
Fire fees	500	500	1000	500
Election refund	300	300	929	629
Interest and Rentals:				
Interest income	2,500	2,500	8,154	5,654
Other:				
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,305</u>	<u>1,305</u>
	\$ <u>48,207</u>	\$ <u>48,207</u>	\$ <u>60,982</u>	\$ <u>12,775</u>

TOWNSHIP OF LIMESTONE

GENERAL FUND EXPENDITURE BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the year ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Legislative:				
Township Board	\$ 10,800	\$ 12,623	\$ 8,802	\$ 3,821
General Government:				
Township Supervisor	5,766	5,766	5,584	182
Township Clerk	6,017	6,017	5,901	116
Township Treasurer	9,417	9,417	6,934	2,483
Township Assessor	3,600	3,600	3,600	-
Township hall	5,750	6,005	5,141	864
Auditing and accounting	1,300	1,300	-	1,300
Board of review	1,200	1,200	450	750
Cemetery	1,500	2,000	1,079	921
Planning and zoning	5,000	5,000	-	5,000
Elections	2,500	2,500	2,122	378
Public Safety:				
Fire protection	8,000	8,000	6,700	1,300
Public Works:				
Street lighting	1,500	1,500	1,125	375
Roads	15,200	15,200	5,826	9,374
Trash collection	1,000	1,000	628	372
Recreation and Culture:				
Recreation	17,500	17,500	2,162	15,338
Other:				
Insurance	5,500	5,500	4,181	1,319
Social security	1,200	1,200	817	383
Retirement plan	<u>3,000</u>	<u>3,000</u>	<u>2,322</u>	<u>678</u>
	\$ <u>105,750</u>	\$ <u>108,328</u>	\$ <u>63,374</u>	\$ <u>44,954</u>